

Background

VNV Global made their first investment in Russia in 1996 under the name "Vostok Nafta". In 2007, they shifted their focus to private high-growth technology companies, enabling retail investors to access early-stage high growth companies through a listed vehicle. The company exited many oil related investments in 2013 and changed the name to "Vostok New Ventures" with the urge to find successful entrepreneurs in Russia. Later, VNV sold Avito and reduced the exposure to Russia, and therefore changed the name to VNV Global in 2020 to better reflect their current operations. Although they began in the corner of Europe, their ambitions are now global.

Investment strategy

VNV Global is an investment company whose business concept is to, through experience, knowledge and an extensive network, identify and invest in assets with great value-adding potential, through network effects.

VNV Global focus on high-growth, tech-enabled businesses that benefit from network effects. They like sectors with high entry barriers where they can see long-term returns. Such as mobility, marketplaces and digital health. They are active investors, bringing deep sector experience and striving to support their portfolio companies at the board level and beyond. They're knowledgeable about both emerging and developed markets, from Europe to the Middle East and North Africa.

The basis for the investment company is a fundamental analysis of primarily unlisted companies with large potential. VNV pursues an active ownership policy to manage corporate governance. VNV Global believes active ownership is important in all markets, but especially in emerging markets, where corporate governance risks can have additional dimensions compared with more developed markets.

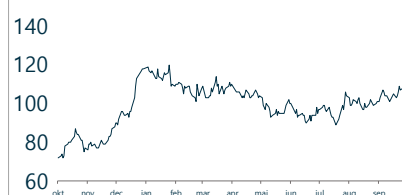
Fair Value Range

Bear	Base	Bull
105.00	120.75	138.80

Key Data

Sector	Investment Company
Ticker	VNV
Market	OMXS
Price	106.90
Market Cap	11 495.7 MSEK
Net Debt	557 MSEK
EV	12 052.7 MSEK
Shares fully dil.	106.7 M

Share Price – 12M

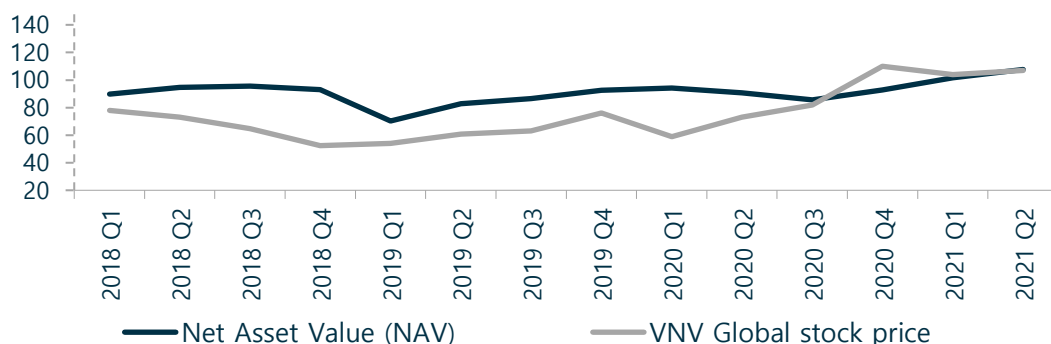


Financials (SEK)	2019	2020	2021E	2022E	2023E
Net asset value / Share	92.63	92.91	120.7	144.84	173.8
Net asset value growth %	- 0.41%	0.3%	30%	20%	20%
ROE %	17.45%	19.2%	27%	26%	26%
EPS	19.9	17.9	30.2	33	35.2

Investment Thesis

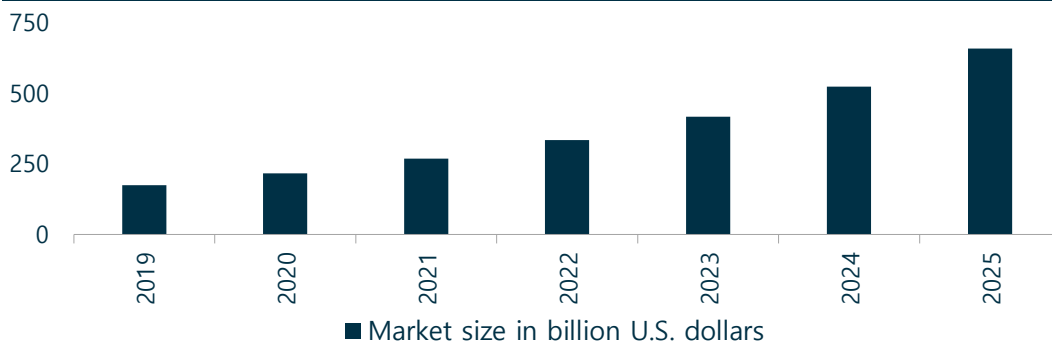
VNV's share price has during its time as a listed company correlated with its NAV. After market hours today (01/10-21) VNV trades below NAV giving VNV a discount of 0,75%. The stock market values VNV with a NAV/share discount, which is common for investment companies due to overhead costs. However, the current discount is disproportionate and should correlate, if not be traded with a premium, since the portfolio companies have capacity and potential to become industry disrupters in their given category. Many portfolio companies acts in early stages, which makes them priced incorrectly while building customer base through networks effects and later on, once customer base is achieved each company can be priced accordingly which generates a different cash flow and value proposition to each holding which will reflect VNV's NAV.

Stock correlation with NAV 2018-2021(Q2)*













We reason that there is an excellent opportunity to invest in the VNV share, as other listed investment companies with similar privately owned growth assets are traded at significant premium valuations. Furthermore, we positively view the news that VNV Global's portfolio company, Babylon, and Alkuri Global Acquisition Corp, which is a listed acquisition company (SPAC), have entered into a final merger agreement whereby Babylon will become a listed company. We believe that the potential in Babylon, which accounts for 28.2 percent of VNV's net asset value, is high and that the current guidance for 2022 looks conservative based on today's recurring revenue of USD 60 million. We argue that Babylon can be traded up to a valuation of up to USD 5.3 billion in the short term, but that the upside can be well over USD 7 billion if the company beats the 2021 guidance and reaches the goal of USD 1.5 billion in turnover 2023. In 2019, the global digital health market was worth an estimated USD 175 billion. With an expected CAGR of almost 25 percent from 2019 to 2025, the digital health market should reach nearly USD 660 billion by 2025. The organic growth stated below will favor Babylon's further expansion becoming an industry disrupter.

Projected global digital health market size from 2019-2025*



Statista; Global Digital health market forecast.(2019)

Portfolio Summary – Ten Largest Holdings

Company	% of portfolio	Category	General Description
 babylon	28,2%	Digital Health	<ul style="list-style-type: none"> AI based online health care
 BlaBlaCar	12,9%	Mobility	<ul style="list-style-type: none"> Online carpool platform
 Gett	9,3%	Mobility	<ul style="list-style-type: none"> SaaS solution for corporate transportation
 voi.	8,6%	Mobility	<ul style="list-style-type: none"> 1th E-Scooter operator in Europa
 Hemnet	7,4%	Marketplace	<ul style="list-style-type: none"> Swedish online property portal
 Property Finder	2,9%	Marketplace	<ul style="list-style-type: none"> Online property platform in Middle East & North Africa
 booksy	2,3%	Marketplace	<ul style="list-style-type: none"> SaaS based booking platform for the beauty industry
 ONE TWO TRIP!	2,3%	Mobility	<ul style="list-style-type: none"> Online travel market
 SWWL	2,1%	Mobility	<ul style="list-style-type: none"> Public transportation tracker app
 Dostavista	1,7%	Mobility	<ul style="list-style-type: none"> On demand logistics service

VNV Global seeks to invest in companies that their shareholders and retail investors couldn't access by themselves, searching for an appropriate balance of risk and reward. VNV Globals portfolio consist of high-growth, tech-enabled businesses that benefit from network effects. They enjoy sectors with high entry barriers where each investment can reach a monopoly effect and achieve long-term returns. The main sectors are mobility, marketplaces and digital health. The remaining percentage of VNV Globals portfolio is dedicated to smaller investments but with the same investment thesis.

Management & Ownership

Per Brilioth

- Managing Director and member of the board of directors since 2007
- Shares owned in VNV Global 1.3 M
- A Bachelor's degree in Business Administration from Stockholm University and a Master of Finance from London Business School
- Chairman of the board of Pomegranate Investment AB, Pet Sounds AB, Pet Sounds Digitalt AB, Telegram Studios AB, Gavald Holdings AB, Pomegranate Investment AB (publ), Thunderroad AB and Vera L AB; and member of the board of Vostok Emerging Finance Ltd, Kontakt East Holding AB, Cow-Pow Studios AB, NMS Invest AB and Voi Technology AB.



Björn Von Sivers

- Investment Manager and Head of Investor Relations since 2012
- Bachelor in Economics from Lund University and Master in Finance from University of Edinburgh Business School
- Member of the board of Kontakt East Holding AB, Swvl Inc. and Pet Media Group International AB



Ownership Structure

Owner	Shares %	Votes %
Acacia Partners	21.47	21.47
Armor Advisors LLC	11.42	11.42
Kayne Anderson Rudnick	9.93	9.93
Swedbank Robur Fonder	6.42	6.42
TIN Fonder	3.36	3.36
C WorldWide Asset Management	2.59	2.59
Vanguard	2.36	2.36
Fidelity Investments (FMR)	2.28	2.28
Asset Value Investors	1.98	1.98
Total	45	45
Other	55	55

Valuation & Peer Analysis

A common approach when it comes to valuing an investment company is to analyze the net asset value. VNV Global is one of the few listed Swedish investment companies that mainly invests in unlisted holdings. These holdings can be seen as something positive or negative depending on which perspective one has. From the investor's perspective, a larger proportion of unlisted holdings in the investment company's portfolio can be seen as risky, partly because unlisted holdings are generally more illiquid, which results in a more static portfolio. Furthermore, there is limited available information linked to the unlisted holdings, which leads to a generally unclear and subjective valuation of these unlisted holdings compared to listed ones. These illiquid assets could therefore justify a higher net asset value discount.

At the same time, illiquid assets can be seen as something positive as investors receive risk diversification by combining listed and unlisted holdings in their portfolios, which can further motivate and lower the substantial discount. It is also more difficult for private investors to invest in unlisted companies, which can also justify a net asset value premium. Investment companies with a higher degree of unlisted holdings have a reduced transparency as the actual net asset value does not necessarily correspond to the reported value. Because of this, the investor must rely on the reported market value of the investment companies for its unlisted holdings. The reduced transparency is discussed as a contributing factor to the investment companies' deviations from net asset value. The expectation is that the unlisted shares will have a positive coefficient because the market is prepared to pay a premium for otherwise inaccessible assets.

We choose to compare VNV Global with an investment company that have a similar investment philosophy. What distinguishes VNV Global from other investment companies in Sweden is the lack of a continuous cash flow. VNV Global generates cash flow by modifying the portfolio and can, in the event of excess liquidity, distribute money to shareholders, in confidence that they also can request additional capital for investment opportunities. One investment company who we believe can be a peer to VNV is the newly listed company Flat Capital, who like VNV doesn't have a continuous cash flow which is common for investment companies in Sweden.

**Updated 2021-10-21, before VNV Global Q3-report*

Company	NAV/Share SEK	Share price 2021-10-21	NAV Premium %
VNV Global	107,70	123.5	14.67%
Flat Capital	10.12	36	255%

Both VNV Global and Flat Capital invests in unlisted tech companies that retail investors want exposure to. Flat Capital's market capitalization is however not even a tenth of VNV Global but could be seen as a peer according to similar investment philosophy and a lack of holdings that provide a repeated cash flow. Flat Capital had a great introduction on the First North exchange and was traded at a premium of 255% which proves a high demand for unlisted tech companies.

Case Summary

VNV Global focuses on long-term investments in primarily unlisted companies in both developed markets and emerging markets. The company's business concept is to identify and invest in assets with value-adding potential, with an overall focus on companies with strong network effects in emerging markets. The portfolio consists mainly of holdings in the sectors; digital health, mobility, and online marketplaces. VNV Global has two exciting IPO's coming up which positions the investment company for further growth, reduced risk for illiquidity and sustainable valuation.

The short-term potential in VNV Global is the upcoming listing of both Babylon and Swvl. Babylon accounts for 28,2% of VNV Globals portfolio and have the potential to revolutionize the digital health space with AI technique. With the current conservative guidance for 2022, we argue that Babylon could reach a valuation of up to USD 5.3 billion which would have a direct impact on VNV Globals stock price. In the long term, the digital health market capitalization is predicted to grow with an annual CAGR of 25% which also benefits VNV's strategic position in Babylon.

The risk and potential NAV discount should merge when holding unlisted illiquid assets will recede ones Babylon and Swvl become listed companies, which could be beneficial for VNV Global.

The long-term growth accounts for the early potential industry disrupters in VNV Globals portfolio. VNV Global actively supports each portfolio company in building a sustainable customer base to enable market dominance before focusing on earnings. The strategy empowers their holdings to focus on growth instead of profit which presents the risk for repeated capital rounds and time investment, but also comes with great potential once a holding obtains market dominance.

Summarily, an investment in VNV Global gives the retail investor access to unlisted companies with high potential. The potential is based on tech-enabled businesses that benefit from network effects in sectors with high entry barriers, where long-term returns can be achieved. Therefore, we also look at VNV Global with patience since change doesn't occur over night. We believe VNV Globals holdings will continue to grow, and we are especially focusing on the net asset value change in Babylon and Swvl who both is estimated to continue high-growth paths. BlaBlaCar has indeed struggled with demand during Covid-19, but is estimated to experience a strong growth post-Covid when people begin to travel further distances by car again. We, therefore, set the base NAV at SEK 120,75 from earlier reported SEK 107,70 which accounts for an increase of 12,12%.

Disclaimer

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